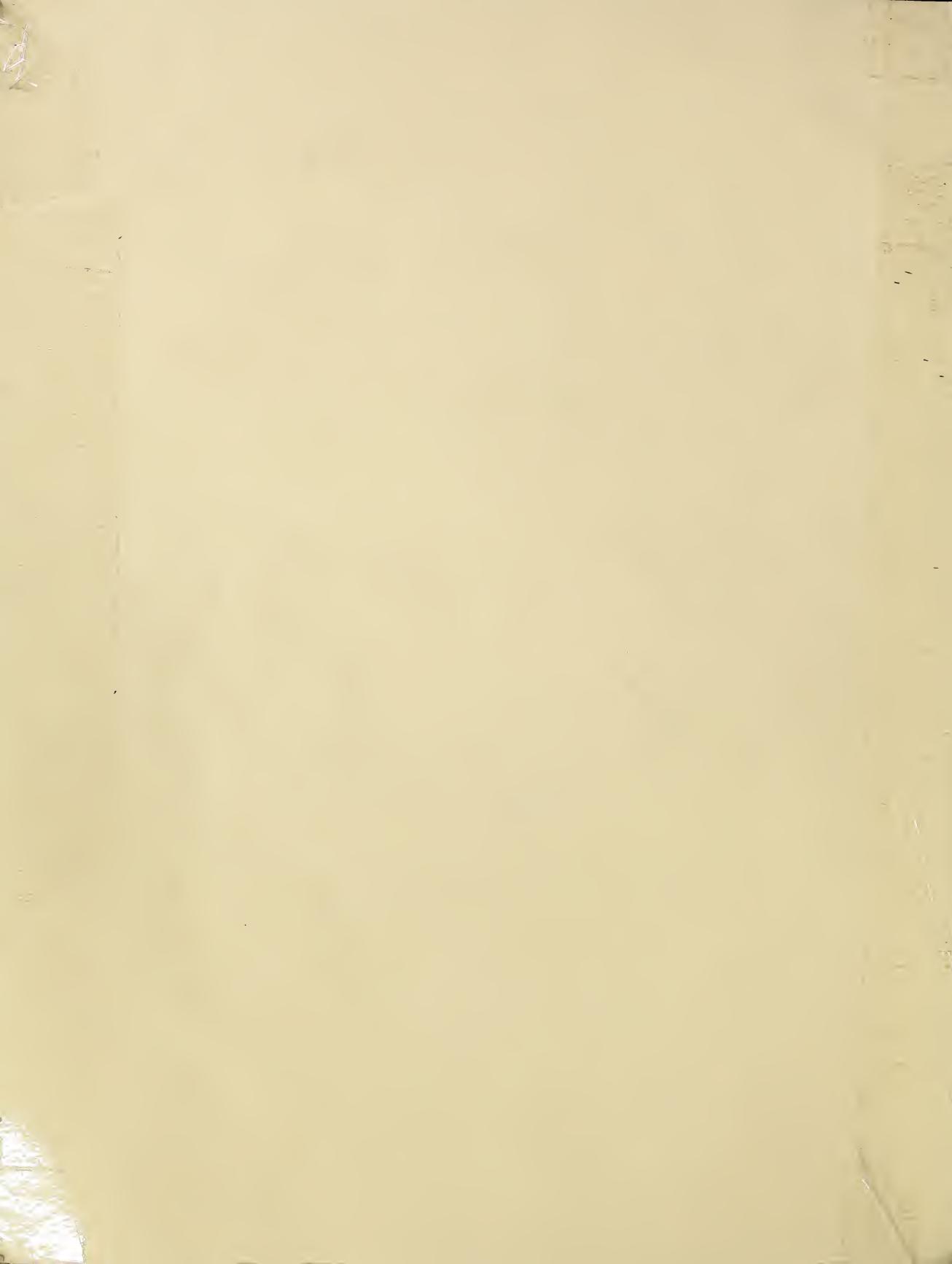


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THE FARM INDEX

July 1968

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THE AGRICULTURAL OUTLOOK

America's farmworker is now producing enough food and fiber to feed and clothe himself and 41 others at home and abroad.

The year 1967 marked a 4-percent rise in the total volume of farm output from a year earlier and 41 others at home and abroad.

Farm production of meat animals last year was at a record level. Increases in the production of cattle, calves, and hogs offset the lower numbers of sheep and lambs. Output of eggs, broilers, and turkeys was at a new high. Dairy products remained steady.

On the crop production side, sugar crops, cotton, and tobacco were the only groups that didn't reach new highs. Total harvested volume in 1967 was up 5 percent from 1966. Food grains alone rose 14 percent over 1966, mainly because of the bumper wheat harvest.

U.S. farmers harvested a total of 308 million acres of crops in 1967—13 million acres more than in 1966. Most of the added acreage was in wheat and feed grains.

And crop production per acre in 1967 rose from year-earlier levels to match the record high set in 1965.

Among the major field crops with record yields were corn, rice, all hay, and peanuts. Yields per acre dropped for wheat, soybeans, sorghum grains, and cotton.

The amount of labor employed to produce this abundance was lower than ever—a total of 7.4 billion man-hours. Of the 1967 total, 49 percent was devoted to crops and 37 percent to livestock. Overhead jobs such as building and equipment maintenance, accounted for most of the balance.

Farm output per man-hour jumped 6 percent from levels of 1966. This greater efficiency was particularly reflected in the livestock sector. The gain in labor productivity for livestock ranged from 5 percent for meat animals to 10 percent for milk cows.

\$100-Billion Milestone

When the ledger of U.S. agricultural exports closed at the end of the fiscal year, the estimated value for 1967/68 totaled around \$6.4 billion—over four-fifths higher than the annual value of 20 years ago. This boosts the total value of agricultural products exported since the end of World War II to over \$100 billion.

U.S. farm product exports over the years have been widely diversified. But year in and year out, leading commodities have included wheat, cotton, corn, soybeans, tobacco, and rice. Altogether, these products have accounted for about two-thirds of the value of our farm exports in the 1946-68 period.

In fiscal 1946, for example, our wheat and flour shipments were valued at \$585 million. In the fiscal year just ended, they reached an estimated \$1.3 billion. Rice shipments have been expanded from an annual average of less than \$70 million in 1944-68 to over \$300 million.

Leading takers of U.S. agricultural products in recent years have been the European Common market countries and Japan. Twenty years ago, both were still reeling from the effects of World War II. Each year since 1960, however, the EEC has taken more than \$1 billion worth of our farm exports. And Japan has become our biggest single-nation customer, taking over \$900 million annually in the past 2 years.

Chicken and Eggs

The Department of Agriculture is buying dehydrated scrambled egg mix and canned whole fowl for use in the food help program.

Total purchase of scrambled egg mix will approach 10 million pounds. The product contains 51 percent whole egg solids. And this represents about 15 million dozen eggs, or 1.6 percent of June and July production. Eggs used for the dehydrated mix must be processed from fresh shell eggs of large or medium size, classified U.S. Grade I.

As for canned whole fowl, plans are to procure 32 million for distribution that will continue through January of next year.

By June 6, the amount spent so far by the Department for these purchases was approaching \$4 million.

The time when oceans will water deserts, and statistics will be gathered from a star isn't too far off—if future agricultural progress is made at present rates.

Where will agriculture be a decade from now? Where will it be at the turn of the century? Far ahead of where it is today, if progress in the rest of the century in any way follows the spectacular lead to date.

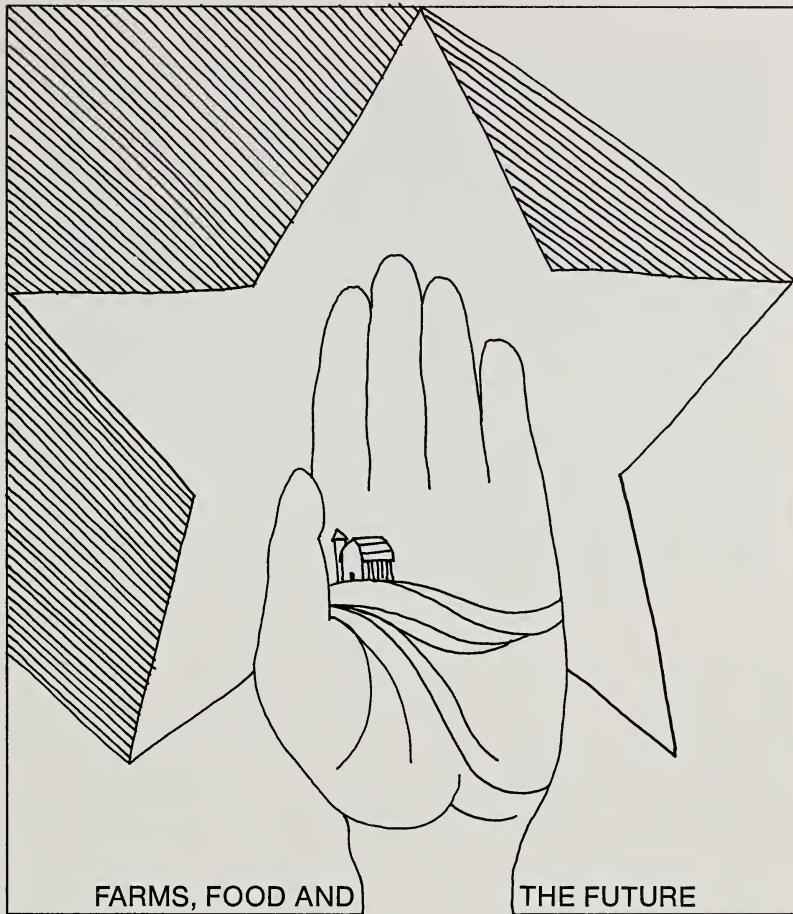
Projections, subject as they are to the vagaries of man and nature, are imperfect images of the future. Still, they do indicate a likely course of agricultural development in this country. Here are a few signposts for the future, as envisioned by USDA economic and biological researchers.

More money to spend. Looking only as far ahead as 1980, the economy should expand by possibly 4 percent a year. Consumer buying power in 1980 should amount to about 50 percent more than in 1967.

More people to feed. Agriculture will be sustaining an American population of about 235 million people by 1980, according to the most likely population growth rates. The most rapid increase in the next decade or so will be in the age groups of 20-24 and 25-34 years as the postwar babies grow up.

Population growth will have an impact on the labor force, on family formations, on school facilities, and on consumer purchases of food and other goods. It's impossible, however, to gauge the effect exactly. Younger people eat more food. But older age groups will be increasing, and they eat less than average.

Beef eaters all. The Nation's appetite for beef and veal should continue to increase for the next 10 years or so. Per capita consumption may be over 120 pounds



in 1980. It was 110 pounds in 1967.

Housewives will find new ways to use chicken and more ways to serve turkey by the end of the 1970's. With bigger consumer incomes, and relatively low prices for poultry, per capita consumption should increase 20 percent by 1980.

On the other hand, the demand for pork may continue to slip—from 64 pounds per person in 1967 to less than 60 pounds by 1980.

Animals will eat better, too. Use of the four major feed grains in 1980 can be expected to expand by about 50 percent, compared with levels in 1958-60. Consumption of the high-protein feeds may

increase even faster. But the use of urea—synthesized from petroleum—may share in the higher demand for conventional high-protein feeds.

That 1 acre out of 4. Crop exports by 1980 should be 75 percent above the 1959-61 base. And exports should continue to take 20 to 25 percent of total crop output. Exports of wheat may climb even more steeply, amounting to 1 billion bushels or more by the end of the 1970's. Biggest markets for feed grains will continue to be Western Europe and Japan.

Geared up for output. For about a third of the recent rise in farm output per man-hour, farmers can thank such yield-boosting factors as the new hybrids, the

Where is farming going? It depends in large part on where it has come from. For instance:

	1937	1967
Agricultural output (1957-59=100)	69	117
Agricultural productivity (1957-59=100)	73	109
Number of farms (1,000)	6,635	3,200
Average size of farms (acres)	163	360
Farm employment (1,000 persons)	11,978	4,903
Tractors on farms (1,000)	1,567	5,486
Irrigated land in farms (1,000 acres)	118,116	236,977
Use of commercial fertilizer (1,000 tons)	11,178	210,948

¹ 1940. ² 1964.

special breeds of livestock, the more effective controls for disease and pests, and the more productive feeds.

More sophisticated machinery and other laborsaving devices have been responsible for the other two-thirds. And, with a continuing high degree of mechanization, crop and livestock production will use even less labor per bushel of wheat and per pound of beef.

In recent years, output per man-hour has been increasing faster than in industry, and may match that of industry in the next 15 to 20 years.

The ocean may water the desert. And by the year 2000 desalinated water may add to the U.S. productive capacity in the Southwest and other arid regions near the sea. Use of sea water for irrigation may have an even greater effect on agricultural output in other parts of the world.

More expertise in farming. Farms will be even larger, more complex operations. More efficient machinery and equipment and more sophisticated production

practices will mean vastly bigger capital investments.

The farm operator will rely on the latest management tools. Computers may determine his inputs, how he combines them for utmost profit, and when he applies them to each crop and livestock enterprise.

Premiums for the prime acres. Crop acreage in the United States will be ample to supply all the products that can be sold at home and abroad for prices that cover costs. Land suited to large-scale machines will increase in value relative to the less well adapted land now in use.

Workers, too, may imitate industry ways. Within the next three decades, most of the people employed in agriculture may be on a standard work week. In time, this labor force may be largely indistinguishable from blue-collar workers in other industries.

Genetics will work harder for the farm and the world. Laboratory advances have already produced high lysine corn, promising protein-enriched diets for millions of the world's undernourished.

And other hybrid strains can be almost tailor-made for a given farm: New short varieties, for example, are designed for cropping practices that call for higher plant populations and closer plantings.

Existing new varieties of soybeans can increase yields 10 percent. And new species of livestock will provide more efficient, more uniform, and higher quality livestock products, too.

Competition from the test tubes. Plastics and other products of the chemist's test tube will be used in more textiles, shoes, and building materials. More feed, too, and feed supplements for livestock will flow from the chemist's laboratory.

Statistics from a star. Sensing devices, stationed on earth-orbiting space platforms will detail the progress of agriculture, providing more accurate and timely information on crop production, insect infestation, and other aspects of crop output.

More integration with industry. Integration with feed manufacturing, livestock slaughter, and processing may extend to increasing numbers of farm enterprises. With mergers and consolidations reducing the number of buyers, farmers will sell to fewer marketers and processors. (1)

If Slaughter Steer Prices Plummet, Feeders Must Press To Find Profit

When the market is going the wrong way, it is difficult—if not impossible—to avoid losses in finishing beef cattle even with the most efficient feeding practices.

A recent study by the South Carolina Agricultural Experiment Station in cooperation with the Economic Research Service is a case in point.

The research compared six systems of cattle feeding—and came up with a loss for each one.

(The study noted that negative sales margins, and some of the controls, were typical neither of the market for cattle in general nor commercial practices in particular.)

The 3-year study included six feeding systems for short yearling beef animals: two on drylot, four on pasture.

Long Coastal Bermudagrass was compared with some kind of pelleted hay for cattle on a full feeding of concentrates in drylot. Ryegrass and crimson clover was compared with Kentucky 31 fescue pasture for cattle receiving a full or limited feeding of concentrates.

The tests produced slaughter cattle averaging in the upper part of U.S. Good in 140 days in drylot feeding; in 197 days on a pasture mixture of ryegrass and crimson clover with full or limited feed of concentrates; in 247 days on a straight fescue pasture, again with full or limited feed of concentrates.

Animals gained faster and more efficiently in the drylot when they received pelleted Coastal Bermudagrass hay than they did when they got it in the long form, and produced faster gains than those recorded by other systems tested. But cattle grazing ryegrass and crimson clover pasture, given limited amounts of concentrates, required the smallest quantity of concentrates per unit of gain.

Cost and income budgets for the six systems were calculated on the assumption of 100-head capacity, no matter what the system.

Key findings in the study were:

—All six feeding systems resulted in a loss for the land and management invested. The range of loss was from \$37.83 per head for steers on the system using ryegrass and clover with limited grain, to \$57.82 per head on fescue pasture with a full grain feeding.

—A commercial feeder would



Men and Milestones

MADE NUTRITION A SCIENCE

In the early 1870's, Wilbur Olin Atwater, continuing his studies in Leipzig and Berlin, Germany, gets his first look at an experiment station involved in nutrition research. He is so impressed that he decides to transplant the idea to America.

* * *

Returning home, Atwater became professor of chemistry, first at the University of Tennessee, then at the University of Maine, and in 1873 at Wesleyan—his alma mater. At all three, he emphasized the need for experiment stations in the United States.

It wasn't until 1875, however, that this son of a Methodist minister could practice what he had been preaching. In that year, the first State experiment station was established in Middletown, Conn. Atwater was its director.

Later, he joined with others urging Federal support for State experiment stations. In 1887 this support was given with the passage of the Hatch Experiment Station Act. And in 1888, the new Federal Office of Experiment Stations was put under Atwater's direction. Today there are 59 experiment stations in the 50 States and Puerto Rico.

A scientist above all else, Atwater resigned his administrative post in 1891 and 3 years later launched the first Federal research on nutrition.

This became the most comprehensive program of its kind ever undertaken. As an adjunct, Atwater helped develop the respiration calorimeter—an instrument to measure caloric value of food.

Before his death in 1907, W.O. Atwater definitely established the study of human and animal nutrition as an exact science. (3)

more than likely avoid some of the cost elements contributing to the loss. For example, he wouldn't be likely to provide an acre of pasture per head while feeding a full ration of grain. Cutting back to three-fourths acre would reduce costs by about \$6.70 per head in the fescue-full grain system.

Also, the commercial lot would probably use stilbestrol. Experiments indicate an increase in net revenue per head—or a reduction in loss—ranging from \$6.31 for the drylot-long hay system to \$13.53 for the program using ryegrass and clover with limited grain feeding.

The slaughter steers produced from all six feeding systems were sold for less per hundred-weight than the estimated purchase price of the feeder animals—the loss ranged from \$2.75 to \$4.28 per hundredweight.

Such negative margins do happen in the market. But they are neither typical nor average. Over an entire cattle cycle, in fact, the slaughter steer price averages about the same as the feeder cattle price.

Thus, with zero margins, the use of stilbestrol, and a pasture allotment—when appropriate—of only three-quarters acre, net returns per head would have ranged from a profit of \$5.91 for the ryegrass and clover system with the limited grain to a loss of \$19.52 for the fescue with full grain feeding system. (2)

Farmers Provide the Nation's Jack Sprats With Leaner, Meatier Pork

Plumpness isn't prized today—among people or among pigs.

Top grades for U.S. porkers are now awarded to those animals which are relatively lean in relation to length and weight.

Roughly half of the barrows and gilts slaughtered in federally inspected plants during 1967/68 graded U.S. No. 1—the top grade

—during a recent ERS study of 57,000 graded hog carcasses.

During a similar survey conducted in 1960/61, only about a third graded No. 1.

No. 3 hogs—those which are fattest in relation to their length—represented only about 12 percent of slaughter this past year, compared with about 25 percent 7 years ago.

In both study years, about one-third of the hogs graded No. 2, less than 3 percent were medium or culs.

The standards used in the ERS study were revised recently. Many of the carcasses which formerly graded 1, 2, or 3 now grade 2, 3, or 4. The new U.S. No. 1 grade is limited to a small percentage of superior, meaty animals.

Today's leaner, meatier porkers are the product of a lot of hard work by all the hog industry—breeders, producers, and processors. (20)

Processors' Leftovers Often Make Luscious Meals for U.S. Livestock

Byproducts of many industries help make blue plate dinners for the Nation's livestock.

Gluten feed and meal and distillers' and brewers' dried grains are byproducts from processing of corn starch, sugar and sirup, and alcoholic beverages.

Increased demand by people for such foods and beverages has boosted the 1967/68 output of these grain protein feeds for animals 6 to 10 percent over last year.

Here's a rundown of supplies or use of some other byproduct feeds:

Wheat millfeed production (a sideline of the flour milling industry) stood at 6 million tons last October-April, about the same as in the 1966/67 period.

Rice millfeed output through April was up 13 percent from 1966/67 as rice millers stepped

up processing of rice for human consumers abroad.

Use of inedible tallow and grease in livestock feeds held near last year's level through April, after expanding substantially during the previous 3 years. These feed ingredients, used chiefly in broiler rations, are byproducts of the livestock slaughter and rendering industries. (21)

Paying for More Hired Labor Can Eat Up Profits From Nonfarm Job

Does it pay a farmer to moonlight? Not much, if he has to hire a lot more supplemental labor or if his crop yields suffer from farm neglect.

For example, with 270 hours of supplemental hired labor, a full-time farmer in Oklahoma's eastern prairies could earn a \$5,000 return from a farm of 1,280 acres.

More than twice as much hired labor—605 man-hours—would be needed if the farmer took a part-time off-farm job—and still wanted his total earnings to add up to \$5,000. Additional labor costs (around \$336) would have to be deducted from nonfarm earnings. Assuming these were \$1,500, the farmer would end up with only \$1,164 to show for his off-farm work.

A full-time off-farm job (with farmwork done after working hours, on weekends, and holidays) would necessitate the hiring of 1,000 man-hours of supplemental labor if the \$5,000 income level were to be maintained. Again, the farmer's extra labor costs would eat up some of his off-farm earnings.

Yields can also be assumed to decrease as off-farm work increases—since the operator can't devote as much time and attention to farmwork. What effect can yield sacrifices have on off-farm earnings?

The 1,280-acre farm, with aver-

age yields and the full-time care of the operator, provided a \$5,000 income. With a 1,280-acre farm with low yields, a \$5,000 income can be obtained only if the operator has a full-time off-farm job, which will return him \$3,000 a year.

In other words, yield sacrifices on large farms can consume virtually all of the value of an off-farm job. The operator of the 1,280-acre farm might make just as much money by careful attention to factors affecting overall farm yields as could be received from off-farm work. (4)

Sweet Cherry Production This Year Topples Like George's Fabled Tree

This year's sweet cherry outlook isn't very cheery.

As the crop began moving to market, it looked as if 1968's output would be down about a fourth from last year and sharply below average.

Growers in the Northwest—normally the Nation's top producing area—were plagued by freezing weather throughout the spring.

Oregon's 1968 crop probably will measure only about a third as large as last year's. And Washington's output seems slated to be cut in half.

Bad weather also dimmed sweet cherry prospects in Idaho, Colorado, and parts of Michigan—other large producing States.

California should capture the lead in sweet cherry production during 1968.

The Golden State's output this year is running almost two-thirds above that of 1967 and is moderately above the State's 1962-66 average. (22)

FARM INCOME STATISTICS:

Some of the most quoted—and misquoted—of all statistics are the U.S. Department of Agriculture's national farm income figures. USDA publishes regularly a comprehensive set of income estimates relating to agriculture. The major series, along with other important series from which they are derived, have been developed over more than a third of a century. Each series, whether major or minor, is designed for a specific purpose. For accurate results it should be used only in the way it was designed to be used. Unselective use is a common cause of error. Many figures may be vaguely reported as farm income—cash receipts, realized gross income, total net income, for example. Yet there are billions of dollars worth of difference between them. USDA's estimates center around two major concepts of farm income: One views agriculture as a business or an industry and measures income from the job of farming. The other views the people who live on farms and measures their income from both farm and nonfarm sources. The major series in each classification and their relationship to other series are shown here (5).

INCOME FROM FARMING, 1967

	Billion Dollars
CASH RECEIPTS FROM FARM MARKETING Money received from sales of about 150 farm products.	42.5
GOVERNMENT PAYMENTS TO FARMERS Payments to farmers under farm programs. Net price support loans are included with cash receipts above.	3.1
NONMONEY INCOME Includes home consumption of farm products and imputed rental value of farm dwellings.	3.3
REALIZED GROSS INCOME FROM FARMING Income from farming available for all purposes—farm operation, family living and investment.	48.9
PRODUCTION EXPENSES All cash spent to operate the farm business, plus certain non-cash items. Includes depreciation of equipment and other capital items rather than current purchases of these items.	34.4
REALIZED NET INCOME USDA's standard net income figure. The word "realized" indicates that the figure has not been adjusted for changes in inventories. Represents return to operator for his labor and management, the labor of his family and his invested capital.	14.5
NET CHANGE IN INVENTORIES Difference this year from last in quantities of each crop and livestock product held on farms, valued at average prices received by farmers during the year just ended.	0.4
TOTAL NET INCOME This figure is a component of national income figures of the Department of Commerce. It is published in the national income reports of that Department as "net income of farm proprietors."	14.9

PERSONAL INCOME OF FARM POPULATION, 1967

	Billion Dollars
PERSONAL INCOME FROM FARM SOURCES:	
TOTAL NET INCOME FROM FARMING OF FARM RESIDENT OPERATORS This is the total net income of farm operators from farming minus the net income received by farm operators who do not live on farms.	12.7
FARM WAGES OF LABORERS LIVING ON FARMS Wages and other labor income for farmwork paid by farm operators out of their gross income to workers living on farms. These wages are a production expense to farm operators, but a source of income to the farm population.	0.8
CONTRIBUTIONS OF FARM RESIDENT OPERATORS AND WORKERS TO SOCIAL INSURANCE	0.3
TOTAL PERSONAL INCOME OF FARM POPULATION FROM FARM SOURCES	13.2
PERSONAL INCOME FROM NONFARM SOURCES: Includes wages, salaries, and other labor income of farm residents from nonfarm jobs, rents and royalties, dividends, and interest, net income from nonfarm business and professions, and transfer payments, such as unemployment compensation and social security.	6.9
TOTAL PERSONAL INCOME OF FARM POPULATION FROM ALL SOURCES	20.1

EVER SO HUMBLE

HOUSING: WHERE IS IT? In early 1960, the year of the last census, there were over 58 million housing units in the United States. The East North Central Region of the country had the largest total number, while the Mountain Region had the smallest. The urban and rural nonfarm housing outnumbered farm housing units. Nationwide, 70 percent of all housing was urban, 24 percent was rural nonfarm, and 6 percent was on farms.



Percentage distribution of housing

- Urban
- Rural nonfarm
- ▲ Farm



The most recent survey of U.S. housing shows that about 80 percent of our homes are classified as "sound." The rest lack some facilities, need extensive repair.

It can be a rambling ranch house with a split-rail fence, or a ramshackle dwelling with no fence at all. It can be a high-rise apartment in the city, or a development home in the suburbs.

What Americans call home comes in a variety of shapes and sizes, and a variety of conditions.

A recent study by ERS economists shows what a range of quality exists today in occupied housing throughout the United States.

A "sound" home with piped-in water, flush toilets, and bathing facilities is still only a dream for millions of U.S. citizens. At last count, nearly one-fifth of all U.S. housing was classified as unsound.

At the time of the last census (1960), 6 percent of our Nation's housing units were located on farms, 24 percent in nonfarm rural areas, and 70 percent in urban areas.

Here's how rural housing compared with urban housing.

Size. Farm dwellings were the most spacious of all types of housing studied. About 63 percent of all farm homes had three or more bedrooms, compared with only 42 percent of urban housing units and 46 percent of rural nonfarm housing units.

Owned urban housing was usually more spacious than owned rural nonfarm housing. In the city, rented units were considerably smaller than rented units in rural areas.

Tenure. Most American homes were owned by their occupants. Only 38 percent were rented.

The largest proportion of homeowners were in rural areas—over 70 percent nationwide—while less than 60 percent of city dwellers owned their own housing.

Location. More housing units

were located in the East North Central Region of the United States than in any other part of the country. The Mountain Region had the fewest homes.

Farm housing was concentrated in the West North Central Region, nonfarm rural dwellings in the South Atlantic Region, and urban homes in the Mid-Atlantic Region.

Age. Nonfarm rural housing was newer than urban housing. And farm housing, in general, was the oldest. Also, owned housing was usually newer than rented housing.

About one-half of the owned housing was built since 1940. Less than a third of rental housing was as recent.

Regionally, the oldest homes are found in the New England and Mid-Atlantic Regions—the newer homes in the Pacific and Mountain Regions.

Condition. Most housing in the

United States is classified as sound—that is, housing with no defects, or only slight defects which could be corrected during the course of regular maintenance. But differences exist between rural and urban communities.

Close to one-third of the occupied housing units in rural areas were either dilapidated or lacked complete plumbing facilities in 1960.

However, regional variations in housing quality between rural and urban areas are greater than the national housing picture portrays.

For instance, a large percentage of all U.S. rural housing is located in the South. Over 60 percent of all housing that lacked piped-in water at the time of the last census was also in the South. And 90 percent of these homes were in rural areas.

Hence the national picture

shows rural housing in generally poorer condition than the urban homes. But it all depends on its location. If urban housing in the South were compared to rural housing in the New England region, the farm housing would come out on the top.

What about the current picture in housing?

Federal programs started in recent years are helping rural residents improve the quality of their present housing and gain homeownership.

About 3.5 million homes were built in rural areas from 1960 to 1966. Over one-tenth of these were built with a direct or insured loan from such sources as the Federal Housing Administration, the Veterans' Administration, the Farmers Home Administration, or Federal Land Banks.

These new homes will upgrade the total picture of housing in rural areas, but much of the pres-

MOST U.S. HOUSING IS OWNED BY ITS OCCUPANTS AND IS RATED AS SOUND

Region and condition	Farm	Rural Nonfarm	Urban	Total
Percent				
Owned by occupant:				
New England	89	79	53	59
Mid-Atlantic	85	78	51	55
East North Central	80	77	63	67
West North Central	74	72	65	68
South Atlantic	68	65	58	61
East South Central	70	63	59	62
West South Central	68	66	63	64
Mountain	75	66	64	65
Pacific	76	64	59	60
United States	74	70	58	62
Classified unsound:				
New England	25	17	13	14
Mid-Atlantic	26	19	13	14
East North Central	23	22	14	16
West North Central	23	28	16	20
South Atlantic	40	33	17	24
East South Central	44	42	24	33
West South Central	35	40	22	27
Mountain	23	29	14	19
Pacific	23	25	10	13
United States	30	28	14	18

ent housing will need to be repaired or remodeled to bring it up to "sound" standards.

From 1960 to 1966, there were 987,000 homes repaired in rural areas as a result of a direct or insured loan from a Federal agency.

The majority of housing loans are still from private sources. (6)

Government Agencies Give Boost To Local Water and Sanitation Systems

City water and sanitation systems, taken for granted by many, are not available to a fifth of the U.S. population, according to estimates based on figures for January 1, 1963.

At that time, 62 percent of the almost 35,000 communities with populations under 1,000 were without municipal water systems.

And statistics of a year earlier show that 44,000 communities were without municipal waste facilities. Of these communities, 96 percent had populations of less than 1,000.

This doesn't mean that they all lacked adequate water supplies and sewage disposal, since individual wells and septic systems can be quite effective.

However, individual systems are usually expensive and may be unavailable to the low-income residents of a community. Also, in many areas, contamination has become a great problem where municipal systems are lacking. In addition to obvious advantages, systems can provide water for firefighting equipment and they may even stimulate economic growth in an area.

The enactment of the Public Works and Economic Act and the Housing and Urban Development Act late in 1965, along with the extension and amendment of the Consolidated Farmers Home Administration Act, has assisted many communities in establishing or extending services of their

water and sewerage facilities.

From January 1, 1966, through March 30, 1967, just over 1,000 communities and 111 districts received approvals or funds to establish water systems for the first time. Another 1,820 communities and 194 districts had applications pending at the end of the period.

During the same 15 months, loans and grants were approved to provide sewerage facilities for 370 communities and 24 districts previously without such systems. Applications to initiate systems were pending March 30, 1967, for 1,896 communities and 114 districts. (7)

Extended Coverage Adds More Rural Clients to FHA's Roll of Borrowers

The Farmers Home Administration was authorized in 1949 to make loans to farmowners to build or repair houses and farm buildings.

In 1961, the program was revised to include nonfarm rural dwellings. And it was subsequently broadened to make rural housing loans available to senior citizens, farm labor, rental units for the elderly, and for other special purposes.

The annual volume of FHA rural housing loans averaged over \$160 million from 1961-66, rose to \$266 million in fiscal 1966. Before the 1961 revisions, average annual loans amounted to about \$50 million.

The average age of all recipients was 35 in fiscal 1966, and more than one-third were under 30 years of age.

About 90 percent of all the rural housing borrowers had "low to moderate" incomes.

Nearly 25,000 initial loans were made under the regular housing loan program in fiscal 1966 and over 7,000 under the other Farmers Home Administration housing programs. (8)

In Their Own Opinion, Poor Health Bothers Few Older Workers in Iowa

Can an Iowa farmer between the ages of 70 and 75 find happiness in his work without being troubled by poor health?

It's certainly possible, judging by a recent ERS-HEW cooperative survey. In a sample group, only 42 percent of the farmers in this age range felt that poor health was interfering with their ability to work.

They still don't feel as hale as merchants or professional workers, of whom only 21 and 15 percent, respectively, felt hampered by their health.

But then again, farmwork is more strenuous and health demands more rigorous.

On the whole, most of Iowa's older workers seem to be feeling pretty good. Professional workers feel healthier than other workers in the State—but not by a large margin.

Less than half the Iowa oldesters reported any major illness or accident in the past 5 years.

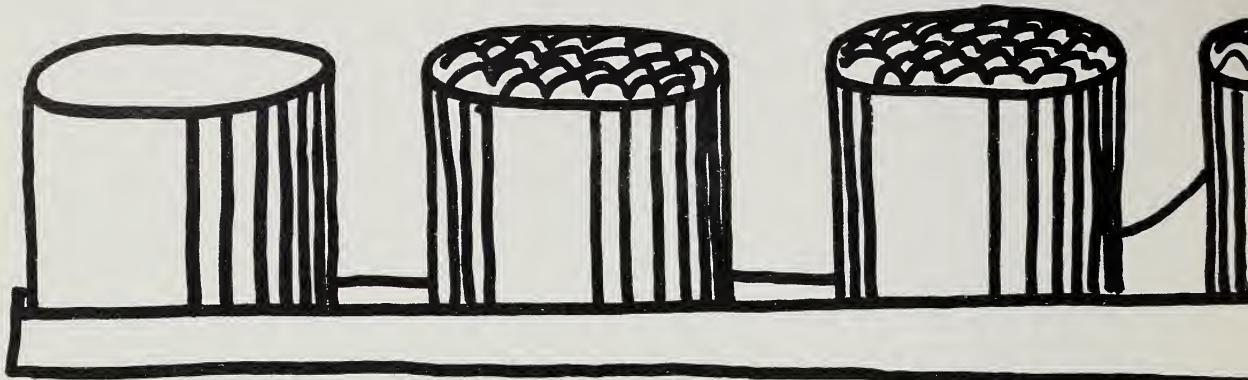
What were they doing to maintain their good health? And how about insurance?

A little over half of the salaried professional men said they had regular physical checkups. Of the rest of the occupational groups, less than half had health checks regularly. And for farmers the proportion dropped to about one-fifth.

Most of the men carried some form of hospitalization insurance. The proportion was highest for men in salaried fields—over 90 percent. But even among farmers—where the proportion was lowest—67 percent were covered.

Medical care insurance was less widely held. Again, coverage was proportionately higher for salaried workers. Among farmers, only 55 percent carried such insurance—the smallest percentage of all occupational groups in the sample. (9)

VEGETABLE PACK POTENTIAL: Southern View



Freezers and canners in South say much plant capacity is unused because of problems that include labor, supplies of raw vegetables, and unfavorable cost-returns ratio.

The cannery in Anytown, Texas, was built to turn out 1,000 cases of canned tomatoes a day.

But less than 800 cases are coming off the production line. So 22 percent of the plant's production capacity is unused. Or you can call it surplus.

Across the Louisiana border, there's a similar situation. The old cannery was replaced a few years back by a plant to freeze peas and okra, and kale and other leafy greens. But about 26 percent of the plant capacity is unused.

If canning and freezing plants in the South were producing at their full capacity under normal conditions, their contribution of canned and frozen vegetable products to the Nation's larder could be about 390,000 more tons than current output.

These are findings of a study by the Economic Research Service, in cooperation with southern agricultural experiment stations,

to measure the vegetable processing capacity in 11 Southern States.

The study covered all but four plants in the area: 134 canning plants, 18 freezing plants, and two canner-freezer combination plants.

Almost 70 percent of the canning plants were over 20 years old, compared with less than 25 percent of the freezers.

For the South as a whole, only 57 percent of the 58-million-case vegetable canning capacity and 74 percent of the 256-million-pound freezing capacity were being utilized.

Thirty-eight percent of the surplus tonnage capacity was in Louisiana and Texas, but only 7 percent was in the Carolinas and Virginia.

Texas had the largest number of plants of both types (29). Virginia was second (24). These two States led in number of canning plants, but Tennessee had almost 40 percent of the freezing plants.

Use of processing capacity varied among types of plant, products, plant sizes, and areas.

In general, however, the largest plants used the greatest portion

of their capacity. And though smaller in number, freezers tended to process on a larger scale than canners.

Among single commodities, there was proportionately more unused capacity for tomatoes (22.4 percent) than for any other vegetable. Next were leafy greens (14.1), followed by green beans (13.2), sweet potatoes (12.7), and southern peas (12.2).

Why the nonuse of capacity?

In addition to limitations imposed by high processing costs or a plant cost structure otherwise unfavorable in relation to other factors, 88 percent of the canners and 72 percent of the freezers reported that one or more of the following problems limited their output:

Raw product. Problems with raw product procurement and quality were revealed by 45 percent of the canners. About the same proportion of freezers had procurement problems, but only half of them complained about raw product quality.

Variations in raw product supplies do occur from time to time. Many processors find it in their best interests to have enough



capacity to accommodate to some extent excesses in supply.

As a result, operation at full capacity is the exception rather than the rule.

Supplies vary from day to day, seasonally, and annually. Weather is the main reason. But variation may also occur because raw product production is not—or cannot—be controlled through planting schedules.

Surplus processing capacity may also increase when supplies are inadequate instead of excess. This is usually a longer run situation that develops because growers of raw products used by a plant switch to more profitable alternatives.

Sales. More canners (43 percent) than freezers (33 percent) had problems selling additional output.

Labor. About 39 percent of the canners reported that availability of labor was a problem, compared with 22 percent of the freezers.

Although the above findings are based on 1964 data, a recheck made in January 1968 indicates no major changes in the surplus capacity situation.

Only four new plants had been built—all for canning. But 14 plants had folded—only one of them a freezer. Another freezer had been taken out of production but still represented idle capacity.

Although some facilities had enlarged, only a small percentage of all the plants appear to have changed significantly in size.

Pack data for canned and frozen vegetables in the South are not generally available for most products. It is therefore difficult to evaluate annual changes in output. In the past 5 years, the 1962 canned vegetable pack has been the smallest, and the 1965 pack the biggest.

Overall, however, it appears that any real increase in the canned vegetable pack for the South since 1963 has been less than 5 percent.

As for the freezer industry, trade circles indicate that the South's freezer pack has increased sharply.

Despite these changes, capacity utilization rates of 57 percent for canning and 74 percent for freezing could probably be applied to 1967 packs for the South in order to get a reasonable estimate of the South's total vegetable processing capacity. (10)

Marketing Orders Often Smooth The Road for Handlers of Farm Products

Pete Smith is a potato grower. In years when he'd cut back his plantings and his yields were low, prices were high and he might have made a handsome profit.

So the following year, Pete—along with a lot of other producers—sharply increased plantings and, naturally, the price dropped.

Pete and his colleagues lost out both years.

To help break this losing cycle, Pete joined with other farmers in his area and drew up a proposal for a marketing order, which

would allow them to regulate the amount and kind of potatoes marketed the next year.

Next, under Federal legislation, all farmers affected by the marketing order were given an opportunity to voice their opinions in hearings, and then vote on it. If less than two-thirds were for it, the order would be scrapped. An overwhelming majority of farmers voted for it, however, and it went into effect.

The result that year was a supply better tailored to demand.

In other years and for other crops, marketing orders have not, of course, always been as dramatically effective in improving a situation. But there are many instances where they have helped agricultural producers to improve their position in the market by altering, controlling, or adjusting to the prevailing marketing climate.

Federal marketing orders were designed originally as emergency measures and were legally enabled by the Agricultural Adjustment Act of 1933 and the Agricultural Marketing Act of 1937.

The orders continue to be used—and might in some cases be used to better advantage—even though things have been brighter economically during the past 30 years.

One reason: Though the number of farms has been dropping sharply every year, no one farm has the market power to stabilize the price or supply of any one farm product. And marketing orders can help do this for growers and handlers on a local, State, regional, or national basis.

What is the difference between marketing orders and price programs—like those on wheat, rice, feed grains, and other commodities? A major difference is that farmers themselves play a direct role in operating the marketing order. The order is also a very flexible instrument to be used as and when needed.

Farmers in a specific industry

may initiate a marketing order and then a majority in a given area must approve that order and take responsibility, sometimes with food processors and distributors, for its operation.

But once approval is secured, all handlers coming under the terms of the order must abide by them through the government's regulatory power.

Do marketing orders work? Experience on a broad basis indicates that they do. But results can't be guaranteed because too many factors enter into given situations.

Marketing orders have prevented unduly low prices and have occasionally raised producer prices above normal temporarily. But an order alone is not likely to sustain a higher price to the farmer over a long period of time because of the ever changing economic picture.

In addition to their application in market stabilization, orders have also been applied effectively in efforts to:

The Pickle Pack

Peak pickle production produced a pinnacle pack.

That, in short, was the story in 1967.

Cucumbers grown for pickles reached a record 589,640 tons in 1967. Canners' pack totaled 66.1 million cases—also an alltime high.

This year, however, processors have reported plans to curtail output, in view of the supersize supplies and somewhat lower prices.

A drop of 2 percent seems likely in pickle production—if cucumber yields are average and farmers carry out intentions to plant 5 percent fewer acres this year than last.

Still, carryover stocks at the close of the 1967/68 marketing year are expected to top those of a year earlier. Supplies in 1968/69 may consequently total slightly above the record level this marketing year. (13)

—Help unify and systematize marketing of storable crops;

—Promote grade, size, and quality standards for some crops;

—Standardize size, weight, and capacity of containers and type of packaging; and,

—Help develop or expand markets for products and encourage research to uncover new processed forms. (11)

Tramp Steamers Move Most U.S. Heavy Grain Exports Over the Sea

Most grain exports travel by sea to foreign buyers. And the United States exported 165 million long tons of heavy grains—corn, wheat, and soybeans—during the 5 years between 1961 and 1965.

The average annual value was about \$2 billion. Half of the value was from wheat alone.

Ocean carriers for these cargoes come in two types: liners and tramp steamers.

Liners operate regularly scheduled runs, and publish rates for carrying manufactured goods and small quantities of bulk commodities. Rates for large amounts of bulk shipment are negotiated by the shipowners and shippers.

Tramp steamers, on the other hand, are "for hire." They have no fixed schedules or ports of call. Grain, coal, and fertilizers are their chief cargoes. Negotiations between the shipper and carrier—usually through a shipbroker—determine the rates.

The shipping charter can cover a specified number of voyages or a specific period—usually 1 to 3 years.

Demise (bareboat) charters are also used, but rarely. In this case, the charterer hires a "bare boat" and provides his own skipper and crew.

Bulk carriers and tankers carry most voyage-chartered grain trade. Bulk carriers range from about 10,000 to 20,000 dead-

weight tons. Tankers, designed for liquid cargoes, carry free-flowing grain, and range in size from 16,000 to over 100,000 dead-weight tons.

These tramp steamers carry about 70 percent of all the heavy grains exported. They fall into two groups.

One is made up of the U.S.-flag vessels which compete among themselves for the 50 percent of government-sponsored grain cargoes which the law guarantees.

The other is made up of foreign-flag vessels competing for private, commercial grain shipments and the remaining portion of those grain cargoes sponsored by the government.

Rates charged by the U.S.-flag vessels are so much higher than those of their foreign counterparts that there is virtually no direct competition between them.

Although distance is a factor in determining rates charged, the major determinant is still the supply of shipping available for grain and the demand for that shipping. (12)

Beauty and the Boll

Madame, who arrives at the beauty parlor in a cool, elegant cotton, isn't usually aware that the fabric she's wearing has had a full beauty treatment of its own.

Homely seed cotton is cleaned, dried, and corseted at the gin. And the treatment is about as expensive as a day at the beauty salon.

Ginning charges for a bale of upland cotton last marketing year averaged \$18.60. This was 35 cents more than the previous season average. Charges ranged from \$13.36 in Alabama to \$21.36 in California. (The "corset" above—burlap bagging and steel ties—cost an average of \$5.69 per bale.)

In addition to beautifying, ginning takes off unneeded pounds. Last year, ginners used an average of 1,370 to 2,513 pounds of seed cotton—depending on how the fiber was picked—to make uniform 500-pound bales. (23)

Foursome of Favorites Leads Field Of Contenders for Cut Flower Sales

The "Big Four" for wholesalers of cut flowers are chrysanthemums, roses, carnations, and gladioli—in that order.

Cut blooms of these favorites grossed well over \$147 million in 1967 for commercial growers in the 23 major producing States. And sales of potted chrysanthemums added \$18.3 million more in wholesale value.

Altogether, the value was about 5 percent above 1966 commercial marketings at wholesale.

(A commercial grower is one who produces and sells in 1 year \$2,000 or more of cut flowers, nursery products, bulbs, seeds, and vegetable, flowering, bedding, and foliage plants.

Cut chrysanthemums accounted for \$47.4 million of the 1967 wholesale bouquet; roses, \$42.2 million; carnations, \$40.1 million; potted chrysanthemums, \$18.3 million; and gladioli, \$17.8 million.

California continued to lead the field with \$42.2 million in wholesale value and was top producer of carnations, standard chrysanthemums, potted "mums," and roses.

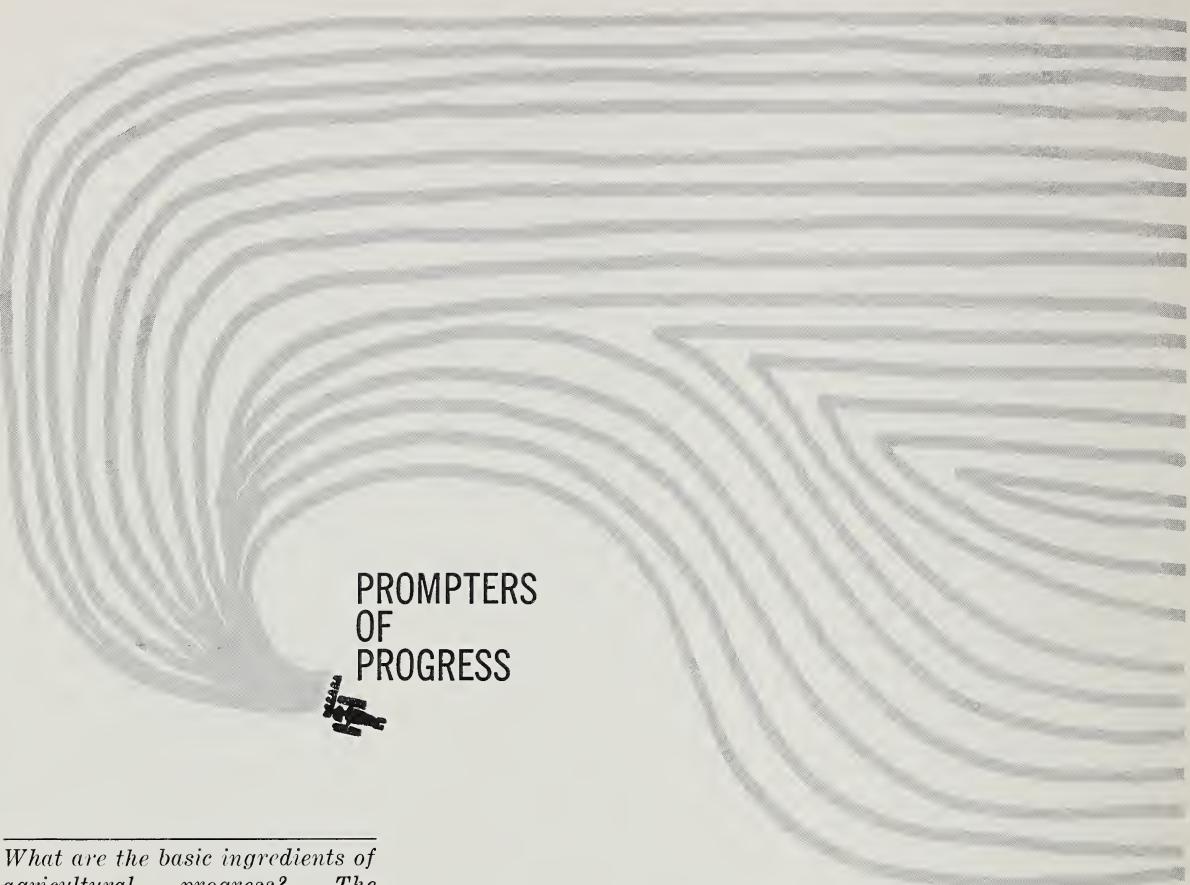
Florida has sales of \$23.4 million and marketed the most pompon chrysanthemums and gladioli. Third-ranking Pennsylvania showed \$12.8 million.

Per bloom, the average wholesale price for chrysanthemums was 18.3 cents, compared with 17.4 cents in 1966. Roses averaged 11.6 cents apiece, against 11.2 cents the previous year. Per dozen spikes, gladioli rose in price to 69 cents from 66 cents. And per bunch, pompon chrysanthemums climbed to 82 cents from 78 cents. But chrysanthemums by the pot dropped to \$1.41 from \$1.43.

This year's bunch of floral bestsellers should surpass last year's in size, as plantings are larger for all but gladioli. (14)

AVERAGE WHOLESALE PRICES of cut flower leaders in 1967 were generally a penny or two higher than a year earlier. The average price of potted chrysanthemums, however, was down 2 cents from the 1966 wholesale level.





PROMPTERS OF PROGRESS

What are the basic ingredients of agricultural progress? The recipe varies from country to country, depending on human, physical, and social resources.

In Nicaragua it was cotton. In Morocco, irrigation. In Honduras, land.

The factors that make for agricultural progress in less developed countries are as varied as the quantity and quality of their resources—their people, land, capital, and technology.

A new ERS study details the growth in crop output during 1948-65 for 17 countries circling the globe. The study is part of a series, sponsored by the Agency for International Development (AID), which seeks to discover the hows and whys of agricultural progress in the developing world.

Eight of the 17 countries

studied boosted the value of their crop output by 4 percent or more annually during the 18-year period. These growth rates top those ever achieved by the now economically advanced nations over a comparable period of time.

In six of the countries—Nicaragua, Ecuador, Guatemala, Guyana, Jamaica, and Syria—crop output doubled during 1948-65. Bolivia and Senegal also had growth rates of 4 percent or more.

Seven countries upped crop output an average of 2 to 3.9 percent a year; only two—Uruguay and Mauritius—had growth rates under 2 percent.

Expansion in per capita crop output, of course, was much lower than that for total output since population grew rapidly in most of the 17 nations. Still, all but

three—the Dominican Republic, Uruguay, and Mauritius—registered gains in crop production per person.

What was the principal source of gains in production?

Only 12 of the countries had adequate records to permit in-depth analyses. Of this number, increases in crop area were responsible for most of the output gains in seven countries. For the other five, the major factor was higher yields.

An increase of 2 to 3 percent a year in the area of crops harvested is substantial. All but four of the 12 countries enlarged their crop area by at least 2 percent. Both Honduras and Nicaragua added more than 4 percent to their planted acreages.

The increase in crop area was

**MANY DEVELOPING NATIONS BOOST CROP OUTPUT
BY CULTIVATING MORE LAND, 1948-65**

Country	Annual gain in crop output	Principal source of crop output growth	Annual change in crops	
			Area ¹	Yields
Nicaragua	8.0	Yields	4.5	5.0
Ecuador	6.6	Area	2.8	1.1
Guatemala	5.6	Yields	3.8	3.1
Jamaica	4.9	Not available	—	—
Guyana	4.8	Not available	—	—
Syria	4.5	Area	2.6	0.9
Senegal	4.2	Area	2.2	1.2
Bolivia	4.0	Not available	—	—
Paraguay	3.6	Not available	—	—
Peru	3.3	Area	1.5	0.4
Ceylon	3.2	Yields	1.0	2.3
Honduras	3.2	Area	3.8	-0.3
Malagasy Republic	3.2	Area	2.4	0.5
Dominican Republic	2.9	Not available	—	—
Morocco	2.9	Yields	0.3	1.7
Mauritius	1.8	Area	2.0	0.8
Uruguay	0.7	Yields	0.9	2.3

¹Includes field crops only, since few countries have estimates of land area devoted to tree crops.

due to a combination of multiple cropping—growing more than one crop a year on the same plot of land—and expansion of land area. Multiple cropping, for the purposes of this ERS study, was thus considered an increase in harvested crop area.

The five countries in which higher yields were credited for the bigger harvests were Ceylon, Guatemala, Morocco, Nicaragua, and Uruguay. In Morocco, greatly expanded use of irrigation boosted crop output substantially. In Nicaragua and Guatemala, a shift to higher yielding crop varieties proved effective in raising agricultural output.

Changes in cropping patterns—from low value to higher value crops—accounted for 20 percent or more of the increased crop out-

put in Guatemala, Morocco, Syria, and Uruguay. These cases generally involved major increases in production of labor-intensive crops such as vegetables, cotton, and sugarcane.

Nicaragua, with the fastest growth rate of all 17 countries, had marked shifts in the importance of several crops. Cotton represented only 6 percent of the total value of crop production in 1948-50, but in 1963-65 it accounted for nearly half the total value. On the other hand, the contribution of coffee—dominant crop at the outset of study period—fell from 41 to 20 percent.

Ecuador, with the second highest growth rate, increased its degree of specialization. Bananas represented 44 percent of the country's total crop output in

1963-65, compared with 31 percent in 1950-52. All other crop categories, with the exception of oilseeds and sugar, decreased in relative importance.

In Guatemala, there was a marked tendency to rely less heavily on one or two crops. Wheat and coffee made up nearly 70 percent of the total value of crop output in 1948-50; by 1963-65, they accounted for only 58 percent. Cotton showed a spectacular gain, increasing from nearly zero to 20 percent. Sugar and oil crops gained importance.

Looking at the 17 countries as a whole, however, the researchers found there was no general tendency for countries with high growth rates to either diversify or specialize beyond their normal pattern of production. (15)

THE NETWORK OF TRADE: Nearly \$38.6 billion worth of farm products were traded in world markets during 1964. About two-fifths was among the developed countries of the world.

The less developed countries accounted for about \$14.5 billion, or 37 percent, of the world's total agricultural exports. The bulk of their sales, \$11.3 billion, was made to the developed countries. Their trade with each other was only about \$2.0 billion. The remainder of

their exports went to Communist countries.

The farm imports of the less developed countries were worth about \$6.2 billion in 1964—or 16 percent of the world total. The developed countries supplied about 60 percent of the less developed world's import needs; the less developed countries turned to each other for only about a third. The United States alone supplied 36 percent of the agricultural imports of these countries. The table details the network of agricultural trade

during 1964. To see the value of any country or region's exports, read the table across. To see the import value, read it down. The United States, for example, exported \$6,339 million worth of farm products in 1964. More than half—\$3,697 million—went to the developed countries. U.S. farm imports totaled about \$4,163 million. Nearly three-fourths—\$3,021 million—came from the less developed countries. (16)

Importing regions	Developed				Communist				Free, less developed				Total exports			
	United States	Canada	Japan	EEC	United States	Other West Europe	Australia, New Zealand, South Africa	East Europe, USSR	Latin America	Total Communist	Asia	Africa				
United States	—	489	749	1427	772	180	80	3697	402	—	402	675	316	1249	2240	6339
Canada	181	—	130	148	375	11	11	856	420	126	546	115	15	46	176	1578
Japan	44	5	—	30	23	1	1	104	2	—	2	3	2	45	50	156
EEC	262	29	30	2400	1100	147	22	3990	186	64	250	121	351	175	647	4887
EFTA	109	33	15	655	743	107	22	1724	94	1	95	56	84	109	249	2068
Other West Europe	95	9	10	460	683	26	30	1313	103	—	103	23	15	13	51	1467
Australia, New Zealand and South Africa	397	78	533	846	1490	55	47	3446	195	155	350	46	43	283	372	4168
Total developed	1088	643	1467	6006	5186	527	213	15130	1402	346	1748	1039	826	1920	3785	20663
East Europe, USSR	51	2	15	452	268	67	1	856	1184	215	1399	4	32	100	136	2391
Communist Asia	3	4	65	78	53	4	6	213	538	15	553	—	17	279	296	1062
Total communist	54	6	80	550	321	71	7	1069	1722	230	1952	4	49	379	432	3453
Latin America	1732	157	356	1562	911	248	27	4993	194	92	286	282	71	68	421	5700
Africa	479	52	87	1594	669	79	60	3020	221	77	298	22	193	194	409	3725
Asia	810	60	540	824	876	82	114	3306	415	181	596	57	118	964	1139	5041
Total less developed	3021	269	983	3980	2456	409	201	11319	830	350	1180	361	382	1226	1969	14468
Total imports	4163	918	2530	10516	7963	1007	421	27518	3954	926	4880	1404	1257	3525	6186	38584

Copper Outweighs Crops in Zambia's Steadily Favorable Balance of Trade

The roster of independent African nations carries 39 names. And Zambia is one of them.

Named for the great Zambezi River which borders it, the nation of Zambia came into being less than 4 years ago—October 1964. But it has rapidly gained a foothold on the international economic ladder and maintains a surplus in its trade balance.

A favorable balance of \$346 million was achieved in 1966. This is the highest ever reached by the country—even in its pre-independence days when it was Northern Rhodesia, and during its subsequent membership in the short-lived Federation of Rhodesia and Nyasaland.

The 1967 surplus is estimated at \$247 million. A 2-percent decline in export earnings and a 25-percent increase in outlays for imports—caused in part by higher prices for manufactured goods and transportation—led to the lower trade surplus.

Gold and foreign exchange reserves increased 4 percent in 1967 to reach \$96.3 million. In 1966 they rose 15 percent.

Zambia has managed to expand its economy despite problems created by United Nations sanctions placed in late 1965 against neighboring Rhodesia. Zambia not only had close trade and economic ties with Rhodesia, but its chief outlet to the sea was also through Rhodesia.

The copper industry—bulwark of Zambia's economy—was hardest hit by the dislocation of established routes. But Zambia has met the situation by broadening trade relations with other countries and finding new trade routes. (Its exports to the United States, mainly copper, rose from under \$11 million in 1966 to \$33 million in 1967.)

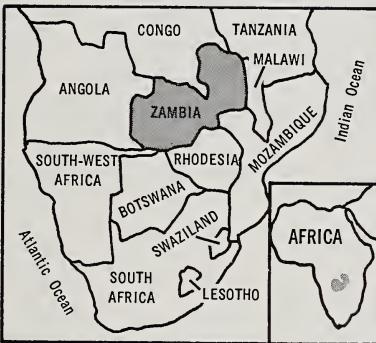
As living standards have been raised by copper earnings, food

production has been expanding. The country meets most of its own food needs, and agriculture provides a livelihood for almost 75 percent of the population.

But Zambians to date have not shown as much interest in exploiting their rich agricultural resources as their mines. And agriculture contributes only 10 percent to the gross national product.

One of the chief aims of Zambia's development plan is to speed the transition from subsistence to cash farming. Emphasis is on tobacco, sugar, cotton, peanuts, and livestock.

Tobacco accounts for 90 percent of agricultural exports. The United Kingdom is the principal



foreign customer, as Zambia is a member of the Commonwealth.

The bulk of the Zambian tobacco crop is Virginia flue-cured, though small quantities of burley and oriental are grown.

The 1966 tobacco crop totaled nearly 17 million pounds. Last year, production dropped back 22 percent to less than 12 million pounds—due mainly to emigration of expatriate farmers and a shift toward corn production. The 1968 crop, however, is now estimated at about 15½ million pounds and further expansion of this export crop can be expected.

In efforts to increase trade, Zambia has requested membership in the new East African Economic Community (Kenya, Tanzania, and Uganda). (17)

Flow of U.S.-Eastern Europe Trade Continues To Be Fluctuating Trickle

Attar of roses from Bulgaria. Paprika from Hungary. Hams from Poland. Feathers from Romania. Hops from East Germany. Sage from Albania. Oriental tobacco from Yugoslavia. And licorice root from Russia.

These are among the commodities that made up our \$85-million bill last year for agricultural imports from the nine nations of Eastern Europe, including the USSR.

Items on the \$168-million bill we collected for U.S. farm products exported to Eastern Europe tended to be more in the nature of staples: wheat and feed grains; cotton and tobacco; hides and tallow; rice and soybeans. But alfalfa seed, lemons and oranges, peanuts, and baby chicks added some variety.

Though traffic in agricultural goods between the United States and Eastern Europe fluctuates sharply from year to year, on both sides it remains a small fraction of their total agricultural trade.

Our exports of farm products to the communist-oriented area accounted for only 2.5 percent of total U.S. farm exports in 1967 and 3.7 percent in 1966. And imports from the area made up 1.9 percent and 1.6 percent, respectively, of our agricultural imports from all sources.

Several factors tend to keep trade between the two areas from being brisker than it is.

For one thing, farmers in Eastern Europe produce many of the same temperate-zone commodities that U.S. farmers produce.

However, Eastern Europe's farm output fluctuates widely because of extreme variations in weather conditions. In years of poor grain harvest, it looks to the United States for supplementary supplies. But in years of favorable weather, the USSR usually

turns out enough grain to provide any needed imports by others in its sphere.

Economic and political restrictions on both sides of the Atlantic more sharply limit expansion in U.S.-Eastern Europe trade.

Imports of most countries in the communist bloc are strictly State-controlled. Also, most of these countries belong to the Committee on Mutual Economic Cooperation (COMECON) which, for example, has authority to limit the amount of foreign exchange spent on farm products.

Much of Eastern Europe's trade is carried on through barter among the COMECON members.

High exchange rates and monetary restrictions keep most currency within the borders of the area.

(Among principal suppliers of agricultural products to Eastern Europe are Canada, Australia, and France for wheat; Argentina for wheat, corn, and hides; Egypt for rice and cotton; Cuba for sugar; and India for oilseeds, tobacco, hides and skins.)

On the U.S. side, farm exports to Eastern Europe are limited by the requirement that 50 percent of all wheat shipments and some feed grain exports to most COMECON countries be carried in U.S. flag vessels. Since rates on these ships are usually higher than those of foreign carriers, U.S. grain shippers are put at a price disadvantage.

Also, some U.S. agricultural exports—primarily wheat and feed grains—require validated export licenses if their destination is Albania, Bulgaria, Czechoslovakia, East Germany, Hungary, or the USSR.

Another damper on trade between the areas is the application of the comparatively high U.S. duty rates of the U.S. Tariff Act of 1930 to imports from all Eastern European countries except Poland and Yugoslavia. The latter countries, however, get tariff treatment equal to that given other nations. And the slight increase in U.S. agricultural imports from Eastern Europe has thus been concentrated in pur-

chases from these two countries.

Poland is our biggest agricultural customer in Eastern Europe, with the exception of Yugoslavia (which is not a member of COMECON).

Our exports to Poland dropped to a low point in 1965 when foreign currency sales under Public Law 480 were ended, but they have risen steadily since then. And nearly all have been commercial sales.

U.S.-Polish trade in farm products is almost evenly balanced. Exports are mainly feed materials (feed grains, soybeans, and soybean meal) for Poland's growing meat industry, plus some cotton and cattle hides.

Our imports from Poland—over 80 percent of all U.S. imports from COMECON—are mainly pork products, including canned ham and shoulders, bacon, and sausages. Rising U.S. incomes and consumer demand for lean pork indicate continued growth in imports of these items. (24)

U.S. AGRICULTURAL TRADE WITH EASTERN EUROPE WAXES AND WANES FROM YEAR TO YEAR

But it remains relatively small, with only slight variations in the types of commodities exchanged. All the Eastern European countries except Yugoslavia and Albania are members of the Committee on Mutual Economic Cooperation (COMECON).

U.S. IMPORTS FROM:					COUNTRY	U.S. EXPORTS TO:				
1963	1964	1965	1966	1967		1967	1966	1965	1964	1963
1,000 dollars										
922	951	1,380	2,006	2,375	Bulgaria	2,974	1,696	2,506	4,367	91
1,124	955	1,630	1,866	2,451	Czechoslovakia	9,207	31,969	23,665	8,760	5,685
24	830	171	144	118	East Germany	22,292	21,011	10,871	16,670	6,070
237	331	434	572	766	Hungary	4,336	7,731	8,006	13,964	17,397
27,653	30,851	37,773	44,546	49,227	Poland	48,711	44,694	26,375	130,055	107,513
226	220	395	979	1,229	Rumania	1,939	6,415	2,378	2,059	137
1,782	1,781	2,524	2,781	4,091	USSR	19,335	23,264	33,244	136,932	9,069
14,627	15,876	22,345	20,170	24,393	Yugoslavia	58,802	118,874	110,283	104,432	124,515
110	76	134	96	118	Albania	35	129	4	0	0
46,705	58,398	66,786	73,160	84,768	TOTAL ¹	167,631	255,783	217,332	417,239	270,477

¹ Includes some exports and imports separately recorded to and from Latvia, Lithuania, and Estonia; also estimated transshipments of grains and oilseeds through Canadian ports, 1963-65.



We're eating more salad greens each year, and using more salad dressings. This is good news for farmers producing soybeans and cottonseed—sources of salad oils.

Ancient Greeks often finished off a meal with a plate of lettuce.

And the Romans served appetizers of lettuce and eggs.

No one really knows just what went on top, if anything. But today, "Please pass the salad dressing," has about 3,000 possible answers.

That's how many different brands of salad dressings are found in the Nation's supermarkets and grocery stores.

A major ingredient of all salad dressings is vegetable oil. And the Food and Drug Administration has minimum standards for oil content.

Cooked salad dressing must contain 30 percent vegetable oil by weight; mayonnaise, 65 percent; and French dressing, 35 percent, to give a few examples.

Manufacturers can add more oil if they wish, but this necessarily raises the retail price of the salad dressing.

Where does this vegetable oil come from?

Since the early 1950's soybeans have surpassed cottonseed as the major source of oil for salad products.

Both crops are leading money-makers for many U.S. farmers. In 1966, farmers received \$2 billion for soybeans and about \$300 million for cottonseed.

As for the oils, 1966 saw \$83 million in soybean oil and \$22 million in cottonseed oil move into salad dressings. Together they accounted for 99 percent of the oils used.

The other 1 percent includes corn, safflower, sesame, sunflower, olive, and peanut oils. The volume of these oils that went into salad dressings in 1966 had a total value of \$1.4 million.

Two basic types of salad dressing emerge from all this variety—the spoon type and the

pourable type.

The spoon type includes cooked salad dressing (similar to mayonnaise), mayonnaise, sandwich spreads, and refrigerated dressings.

Pourable salad dressings count French, Russian, oil and vinegar, and various cheese dressings among their more popular members.

And Americans seem to be ladling, spooning, and pouring more salad dressing each year. Per capita consumption in 1930 averaged 1.4 pints. By 1966, this had jumped to 7.4 pints per person per year.

Most popular dressings, judged by the amounts produced and their percentage share of total production in 1966, are mayonnaise—75 million gallons, 41 percent; cooked salad dressing—69 million gallons, 38 percent; and French dressing—10 million gallons, 6 percent.

All other dressings make up the remaining 15 percent of production. (18)

U. S. AGRICULTURE AND THE BALANCE OF PAYMENTS, 1960-67. G. R. Kruer, Foreign Development and Trade Division. ERS-For. 224.

Agriculture's net annual contribution to the U.S. balance of payments averaged \$1 billion over the past 4 years, compared with minus \$274 million in 1960, and the potential drain on U.S. gold stocks was lessened.

ANALYSIS OF A GENERAL CROP-LAND RETIREMENT PROGRAM. J. Vermeer and R. W. Slaughter, Farm Production Economics Division. ERS-377.

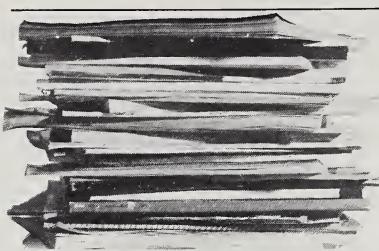
More than 70 million acres would have to be retired from total crop production to balance supplies with market demands at 1967 prices.

INDEXES OF AGRICULTURAL PRODUCTION FOR THE WESTERN HEMISPHERE EXCLUDING THE UNITED STATES. Western Hemisphere Branch, Foreign Regional Analysis Division. ERS-For. 44 (1968).

Publication covers 1958 through 1967 by summary tables and by tables for individual countries.

CAMEROON'S AGRICULTURAL ECONOMY IN BRIEF. M. T. Chambliss, Foreign Regional Analysis Division. ERS-For. 215.

Cameroon's major cash crops are cocoa, coffee, bananas, cotton,



RECENT PUBLICATIONS

The publications listed here are issued by the Economic Research Service and cooperatively by the State universities and colleges. Unless otherwise noted, reports listed here and under Sources are published by ERS. Single copies are available free from The Farm Index, OMS, U.S. Department of Agriculture, Washington, D.C. 20250. State publications (descriptions below include name of experiment station or university after title) may be obtained only by writing to the issuing agencies of the respective States.

rubber, and oil palm products. France and other EEC countries and the United States are the major customers for Cameroon's exports.

*THE EVALUATION OF INVESTMENT OPPORTUNITIES—TOOLS FOR DECISION MAKING IN FARMING AND OTHER BUSINESSES. A. J. Walrath, Economic Development

Division, and W. L. Gibson, Virginia Polytechnic Institute. Agr. Handbook-349.

A dollar to be received sometime in the future will not have today's value. The report gives formulas and factors for wise buying, selling, and investing. The report also shows how to calculate short-term interest rates, depreciation, life insurance costs, and social security benefits.

FARM MACHINERY AND EQUIPMENT: NUMBER AND VALUE OF SHIPMENTS FOR DOMESTIC USE, 1935-39 TO 1966. P. Strickler and H. Smith, Farm Production Economics Division. Stat. Bull. 419.

The American farmer's tradition of inventiveness and adaptation is reflected in his uses of machinery. Nowadays, barns are cleaned, eggs are gathered, and cows are milked by machine. The report catalogs the number of machines shipped from production plants and the value of the shipments.

BEEF, PORK, AND FEED GRAINS IN THE CORN BELT: SUPPLY RESPONSE AND RESOURCE ADJUSTMENTS. D. Colyer, University of Missouri, and G. D. Irwin, Farm Production Economics Division. Mo. Agr. Expt. Sta. Res. Bull. 921.

Focus is centered on new forces in production technology, marketing operations and organizations.

Numbers in parentheses at end of stories refer to sources listed below:

1. A. Egbert (SM); 2. R. L. Edwards and others, A Comparison of Drylot and Supplemented Pasture Systems for Finishing Beef Cattle, S.C. Agr. Expt. Sta. Bull. 537 (P*); 3. W. D. Rasmussen (SM); 4. P. L. Strickland, O. L. Walker, and W. A. Halbrook, Income Potentials From Beef Cattle Farming, Eastern Prairies of Oklahoma, Okla. Agr. Expt. Sta. Bull. B-655 (P*); 5. M. Myers (SM); 6. R. Bird (SM); 7. L. H. Beverly, The Status of Community Water and Sewerage Facilities in the United States, 1967 (M); 8. W. McD. Herr, Credit and Farm Poverty (M); 9. W. W. Bauder and J. Doerflinger (SM); 10. J. L. Pearson, Utilization of The South's Vegetable Processing Capacity, Fla. Agr. Expt. Sta. AERR-EC 68-5 (P*); 11. K. R. Farrell, New Dimensions and Aggressive Use of Marketing Orders (S); 12. T. Q. Hutchinson, Heavy Grain Exports in Voyage-Chartered Ships: Rates and Volume, MRR-812 (P); 13. Vegetable Situation, TVS-168 (P); 14. Flowers and Foliage Plants, SpCr 6-1(68) (P); 15. Foreign Development and Trade Division, Growth of Crop and Livestock Output in Selected Developing

- Nations, 1948-65 (M); 16. A. B. Mackie, World Trade in Agricultural Commodities, FAER-42 (P); 17. G. R. Jolemore and G. R. Kruer, Reserves, Trade, and Economic Growth (M); and M. Chambliss (SM); 18. T. B. Smith, Economic Trends in the Salad Dressings Industry, and Marketing Spreads for Soybean and Cottonseed Oils Used in Salad Dressings, ERS-376 (P); 19. Tobacco Situation TS-123 (P); 20. D. R. Agnew (SM); 21. Feed Situation, FDS-224 (P); 22. C. R. Brader (SM); 23. Marketing Economics Division and Consumer and Marketing Service, Charges for Ginning Cotton, Costs of Selected Services Incident To Marketing, and Related Information, Season 1967-68, ERS-2 (1968) (P); 24. T. A. Warden, "U.S. Agricultural Trade With Eastern Europe," For. Agr. Trade, July '68 (P).

Speech (S); published report (P); unpublished manuscript (M); special material (SM); *State publications may be obtained only by writing to the experiment station or university cited.

ECONOMIC TRENDS

ITEM	UNIT OR BASE PERIOD	'57-'59 AVERAGE	1967		1968		
			YEAR	MAY	MARCH	APRIL	MAY
Prices:							
Prices received by farmers	1910-14=100	242	253	252	258	259	260
Crops	1910-14=100	223	224	222	229	232	235
Livestock and products	1910-14=100	258	277	279	282	282	281
Prices paid, interest, taxes and wage rates	1910-14=100	293	342	341	350	353	354
Family living items	1910-14=100	286	322	320	330	333	335
Production items	1910-14=100	262	288	287	291	292	293
Parity ratio		83	74	74	74	73	73
Wholesale prices, all commodities	1957-59=100	...	106.1	105.8	108.2	108.3	108.4
Industrial commodities	1957-59=100	...	106.3	106.0	108.6	108.8	108.6
Farm products	1957-59=100	...	99.7	100.7	102.1	102.1	103.2
Processed foods and feeds	1957-59=100	...	111.7	110.7	112.9	112.8	113.5
Consumer price index, all items	1957-59=100	...	116.3	115.6	119.5	119.9	...
Food	1957-59=100	...	115.2	113.9	117.9	118.3	...
Farm Food Market Basket: ¹							
Retail cost	Dollars	983	1,081	1,064	1,105	1,110	...
Farm value	Dollars	388	413	398	431	439	...
Farm-retail spread	Dollars	595	668	666	674	671	...
Farmers' share of retail cost	Percent	39	38	37	39	40	...
Farm Income:							
Volume of farm marketings ²	1957-59=100		124	96	104	103	114
Cash receipts from farm marketings	Million dollars	32,247	42,471	2,873	2,839	2,851	3,000
Crops	Million dollars	13,766	18,310	814	827	821	900
Livestock and products	Million dollars	18,481	24,161	2,059	2,012	2,030	2,100
Realized gross income ²	Billion dollars	...	48.9	...	49.7	...	...
Farm production expenses ²	Billion dollars	...	34.4	...	34.9	...	...
Realized net income ²	Billion dollars	...	14.5	...	14.8	...	...
Agricultural Trade:							
Agricultural exports	Million dollars	4,105	36,383	548	545	524	...
Agricultural imports	Million dollars	3,977	34,454	338	370	439	...
Land Values:							
Average value per acre	1957-59=100	...	5166	160	4170	...	...
Total value of farm real estate	Billion dollars	...	5188.9	182.4	4193.7	...	...
Gross National Product: ²							
Consumption ²	Billion dollars	457.4	785.0	...	826.7	...	...
Investment ²	Billion dollars	294.2	491.7	...	518.7	...	...
Government expenditures ²	Billion dollars	68.0	112.1	...	118.0	...	...
Net exports ²	Billion dollars	92.4	176.3	...	188.3	...	...
	Billion dollars	2.7	4.8	...	1.7	...	...
Income and Spending: ⁶							
Personal income, annual rate	Billion dollars	365.3	626.4	618.2	666.5	669.8	674.0
Total retail sales, monthly rate	Million dollars	17,098	26,125	25,897	28,120	27,565	27,876
Retail sales of food group, monthly rate	Million dollars	4,160	6,011	5,996	6,272	6,342	...
Employment and Wages: ⁶							
Total civilian employment	Millions	63.9	74.4	73.6	75.8	75.6	78.6
Agricultural	Millions	5.7	3.8	3.7	4.0	4.0	3.9
Rate of unemployment	Percent	5.8	3.8	3.9	3.6	3.5	3.5
Workweek in manufacturing	Hours	39.8	40.6	40.5	40.6	39.7	40.6
Hourly earnings in manufacturing, unadjusted	Dollars	2.12	2.83	2.81	2.96	2.97	2.98
Industrial Production: ⁶	1957-59=100	...	158	156	163	163	164
Manufacturers' Shipments and Inventories: ⁶							
Total shipments, monthly rate	Million dollars	28,745	44,745	44,620	48,186	47,944	...
Total inventories, book value end of month	Million dollars	51,549	82,425	80,341	83,219	83,956	...
Total new orders, monthly rate	Million dollars	28,365	44,999	45,474	49,163	48,528	...

¹ Average annual quantities of farm food products purchased by urban wage-earner and clerical-worker households (including those of single workers living alone) in 1959-61—estimated monthly. ² Annual rates seasonally adjusted first quarter. ³ Preliminary. ⁴ As of March 1, 1968. ⁵ As of November 1, 1967. ⁶ Seasonally adjusted.

Sources: U.S. Dept. of Agriculture (Farm Income Situation, Marketing and Transportation Situation, Agricultural Prices, Foreign Agricultural Trade and Farm Real Estate Market Developments); U.S. Dept. of Commerce (Current Industrial Reports, Business News Reports, Advance Retail Sales Report and Survey of Current Business); and U.S. Dept. of Labor (The Labor Force and Wholesale Price Index).

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An Original Recipe:

Pour it.
Pack it.
Lick it.
Stick it.

These are the four steps involved in making a roll-your-own cigarette. And judging by the consumption of roll-your-owns, which increased 14 percent between 1966 and 1967, many smokers still use this method of obtaining a cigarette.

Since these smokes are neither manufactured or packaged, this estimate is based on sales of cigarette papers, which jumped from 10.3 billion in 1966 to 11.7 billion last year. (Allowance for wasted papers is included.)

Although 11.7 billion cigarette papers are enough to provide 91 roll-your-own cigarettes for everyone 18 years and up, they are a small fraction of the 549 billion manufactured cigarettes puffed last year.

Roll-your-own cigarettes are made with smoking tobacco, which includes three products: cigarette cut, granulated or sack, and pipe tobacco.

Cigarette cut and sack tobaccos are made expressly for roll-your-own cigarettes.

In 1967, U.S. sales of these two products came to 7.4 million pounds. But an estimated 21 million pounds of tobacco were smoked in roll-your-owns. So over 13 million pounds of pipe tobacco apparently were also used in cigarettes.

All told, the roll-your-owners smoked about 31 percent of the 67 million pounds of smoking tobaccos used in 1967. (19)

THE FARM INDEX

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